

The following is the text of a report set out on pages I-[1] to I-[64], received from the Company’s reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this [REDACTED] document.

Deloitte.

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ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF IWS GROUP HOLDINGS LIMITED AND TD KING CAPITAL LIMITED

Introduction

We report on the historical financial information of IWS Group Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[4] to I-[64], which comprises the consolidated statements of financial position of the Group as at 31 March 2019, 2020 and 2021 and 31 August 2021, the statements of financial position of the Company as at 31 March 2019, 2020 and 2021 and 31 August 2021 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 March 2021 and the five months ended 31 August 2021 (the “Track Record Period”) and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[4] to I-[64] forms an integral part of this report, which has been prepared for inclusion in the [REDACTED] document of the Company dated [●] (the “[REDACTED] Document”) in connection with the proposed [REDACTED] from GEM to the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants’ Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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APPENDIX I

ACCOUNTANTS' REPORT

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2019, 2020 and 2021 and 31 August 2021, of the Company's financial position as at 31 March 2019, 2020 and 2021 and 31 August 2021, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 August 2021 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS' REPORT

Report on matters under the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends declared and paid by the Company and its subsidiaries in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]

Certified Public Accountants

Hong Kong

[●] 2021

APPENDIX I

ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The Historical Financial Information in this report was prepared based on previously issued consolidated financial statements of the Group for each of the three years ended 31 March 2021 and consolidated financial statements of the Group for the five months ended 31 August 2021. These consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“Underlying Financial Statements”).

The Historical Financial Information is presented in Hong Kong Dollar (“HK\$”), which is also the functional currency of the Company. All values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	For the year ended 31 March			For the five months ended 31 August	
		2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000
					(unaudited)	
Revenue	5	295,171	481,571	365,833	125,309	210,019
Other income	6	347	508	1,661	829	179
Other gains and losses, net	6	(2)	1,212	32	—	—
Impairment losses on financial assets, net	7	(250)	(833)	(47)	—	(390)
Employee benefit expenses	8	(252,127)	(388,463)	(249,988)	(89,058)	(130,826)
Selling and marketing expenses		(2,507)	(2,142)	(1,141)	(479)	(585)
Other operating expenses	8	(8,418)	(14,144)	(38,759)	(7,491)	(38,767)
[REDACTED] expenses	8	(8,515)	(15,525)	(4,655)	—	(8,268)
Finance costs	9	(822)	(2,066)	(130)	(38)	(58)
Profit before taxation		22,877	60,118	72,806	29,072	31,304
Income tax expense	10	(5,128)	(13,030)	(6,594)	(1,762)	(6,639)
Profit and total comprehensive income for the year/period		<u>17,749</u>	<u>47,088</u>	<u>66,212</u>	<u>27,310</u>	<u>24,665</u>
Profit (loss) and total comprehensive income (expense) for the year/period attributable to:						
Owners of the Company		17,751	47,088	66,213	27,310	24,665
Non-controlling interests		(2)	—	(1)	—	—
		<u>17,749</u>	<u>47,088</u>	<u>66,212</u>	<u>27,310</u>	<u>24,665</u>
Earnings per share						
Basic (HK cents)	13	2.96	6.84	8.28	3.41	3.08
Diluted (HK cents)	13	N/A	6.84	N/A	N/A	N/A

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 March			As at 31 August
		2019	2020	2021	2021
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS					
Property, plant and equipment	<i>14</i>	2,006	1,527	1,332	1,253
Right-of-use assets	<i>15</i>	—	452	3,419	3,200
Finance lease receivables	<i>16</i>	—	1,308	607	306
Deposits	<i>17</i>	1,643	6,759	9,605	10,518
Deferred tax asset	<i>18</i>	<u>46</u>	<u>46</u>	<u>46</u>	<u>46</u>
		<u>3,695</u>	<u>10,092</u>	<u>15,009</u>	<u>15,323</u>
CURRENT ASSETS					
Trade and other receivables and deposits	<i>17</i>	123,923	120,004	100,372	124,653
Finance lease receivables	<i>16</i>	—	673	701	713
Amount due from a non-controlling shareholder of a subsidiary	<i>19</i>	—	2	2	2
Amount due from related companies	<i>19</i>	960	112	303	99
Tax recoverable		—	401	8,173	5,789
Bank balances and cash	<i>20</i>	<u>27,096</u>	<u>78,874</u>	<u>127,159</u>	<u>131,490</u>
		<u>151,979</u>	<u>200,066</u>	<u>236,710</u>	<u>262,746</u>
CURRENT LIABILITIES					
Trade and other payables and accrued expenses	<i>21</i>	35,327	35,193	43,587	41,424
Amount due to a non-controlling shareholder of a subsidiary	<i>22</i>	7,198	—	—	—
Amount due to a related company	<i>22</i>	106	94	93	—
Lease liabilities	<i>23</i>	—	712	1,703	1,902
Bank borrowings	<i>24</i>	57,000	12,000	—	—
Tax payable		<u>5,215</u>	<u>9,532</u>	<u>1,721</u>	<u>5,976</u>
		<u>104,846</u>	<u>57,531</u>	<u>47,104</u>	<u>49,302</u>
NET CURRENT ASSETS		<u>47,133</u>	<u>142,535</u>	<u>189,606</u>	<u>213,444</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>50,828</u>	<u>152,627</u>	<u>204,615</u>	<u>228,767</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	NOTES	As at 31 March			As at
		2019	2020	2021	31 August
		HK\$’000	HK\$’000	HK\$’000	2021
					HK\$’000
NON-CURRENT LIABILITIES					
Lease liabilities	23	—	528	2,304	1,791
Other liabilities	21	—	123	123	123
		—	651	2,427	1,914
NET ASSETS		50,828	151,976	202,188	226,853
CAPITAL AND RESERVES					
Share capital	25	—	8,000	8,000	8,000
Reserves		50,828	143,976	194,189	218,854
Equity attributable to owners of the company		50,828	151,976	202,189	226,854
Non-controlling interests		—	—	(1)	(1)
TOTAL EQUITY		50,828	151,976	202,188	226,853

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 March			As at
		2019	2020	2021	31 August
	<i>NOTES</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
NON-CURRENT ASSETS					
Investments in subsidiaries	32	<u>34,744</u>	<u>35,134</u>	<u>35,134</u>	<u>35,134</u>
CURRENT ASSETS					
Trade and other receivables and prepayments	17	4,288	113	33,919	33,689
Amounts due from subsidiaries	19	—	8,690	2,546	—
Bank balances	20	<u>51</u>	<u>17,939</u>	<u>23,916</u>	<u>40,060</u>
		<u>4,339</u>	<u>26,742</u>	<u>60,381</u>	<u>73,749</u>
CURRENT LIABILITIES					
Accrued expenses	21	5,452	260	1,280	2,098
Amounts due to subsidiaries	22	7,408	452	390	976
Tax payable		<u>—</u>	<u>—</u>	<u>1,602</u>	<u>5,111</u>
		<u>12,860</u>	<u>712</u>	<u>3,272</u>	<u>8,185</u>
NET CURRENT (LIABILITIES) ASSETS					
		<u>(8,521)</u>	<u>26,030</u>	<u>57,109</u>	<u>65,564</u>
NET ASSETS					
		<u>26,223</u>	<u>61,164</u>	<u>92,243</u>	<u>100,698</u>
CAPITAL AND RESERVES					
Share capital	25	—	8,000	8,000	8,000
Reserves	32	<u>26,223</u>	<u>53,164</u>	<u>84,243</u>	<u>92,698</u>
TOTAL EQUITY					
		<u>26,223</u>	<u>61,164</u>	<u>92,243</u>	<u>100,698</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Retained earnings	Subtotal		
	(Note 25) HK\$'000	HK\$'000	(note i) HK\$'000	HK\$'000	HK\$'000		
At 1 April 2018	3,030	—	—	38,047	41,077	—	41,077
Capital contributions from a non-controlling shareholder of a subsidiary	—	—	—	—	—	2	2
Profit (loss) and total comprehensive income (expense) for the year	—	—	—	17,751	17,751	(2)	17,749
Dividend (Note 12)	—	—	—	(8,000)	(8,000)	—	(8,000)
Effect of Reorganisation (as defined in Note 2)	(3,030)	34,744	(31,714)	—	—	—	—
At 31 March 2019	—	34,744	(31,714)	47,798	50,828	—	50,828
Profit and total comprehensive income for the year	—	—	—	47,088	47,088	—	47,088
Issue of new shares	2,000	62,000	—	—	64,000	—	64,000
Transaction costs attributable to issue of new shares	—	(9,940)	—	—	(9,940)	—	(9,940)
Capitalisation issue (note ii)	6,000	(6,000)	—	—	—	—	—
At 31 March 2020	8,000	80,804	(31,714)	94,886	151,976	—	151,976
Profit (loss) and total comprehensive income (expense) for the year	—	—	—	66,213	66,213	(1)	66,212
Dividend (Note 12)	—	—	—	(16,000)	(16,000)	—	(16,000)
At 31 March 2021	8,000	80,804	(31,714)	145,099	202,189	(1)	202,188
Profit and total comprehensive income for the period	—	—	—	24,665	24,665	—	24,665
At 31 August 2021	<u>8,000</u>	<u>80,804</u>	<u>(31,714)</u>	<u>169,764</u>	<u>226,854</u>	<u>(1)</u>	<u>226,853</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Attributable to owners of the Company				Subtotal	Non-controlling interests	Total
	Share capital (Note 25) HK\$’000	Share premium HK\$’000	Merger reserve (note i) HK\$’000	Retained earnings HK\$’000			
At 1 April 2020	8,000	80,804	(31,714)	94,886	151,976	—	151,976
Profit and total comprehensive income for the period (unaudited)	—	—	—	27,310	27,310	—	27,310
At 31 August 2020 (unaudited)	<u>8,000</u>	<u>80,804</u>	<u>(31,714)</u>	<u>122,196</u>	<u>179,286</u>	<u>—</u>	<u>179,286</u>

Notes:

- (i) Merger reserve represents the difference between the amount of share capital and share premium of the Company issued, and the combined share capital of International Wing Shing Security Management Limited (“IWS Security”), International Wing Shing Property Management Limited (“IWS PM”), IWS Cleaning Services Limited (“IWS Cleaning”) and IWS Carpark Management Limited (“IWS Carpark”) exchanged in connection with the Reorganisation.
- (ii) Pursuant to the written resolution passed by the shareholders on 20 September 2019, the amount of HK\$5,999,999.99 standing to the credit of the share premium of the Company was capitalised by paying up in full at par of 599,999,999 shares of the Company for allotment and issue to the persons whose name appeared on register of members of the Company at the close of business on 20 September 2019.

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 March			For the five months ended 31 August	
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000
				(unaudited)	
OPERATING ACTIVITIES					
Profit before taxation	22,877	60,118	72,806	29,072	31,304
Adjustments for:					
Depreciation of property, plant and equipment	689	714	774	297	356
Depreciation of right-of-use assets	—	1,678	1,455	595	650
Impairment losses on financial assets, net	250	833	47	—	390
Loss (gain) on disposal of property, plant and equipment	2	20	(32)	—	—
Gain on sub-leasing of car parks	—	(1,232)	—	—	—
Bank interest income	(7)	(168)	(59)	(53)	(1)
Finance costs	822	2,066	130	38	58
Operating cash flows before movements in working capital	24,633	64,029	75,121	29,949	32,757
(Increase) decrease in trade and other receivables and deposits	(81,500)	(13,158)	16,739	22,751	(24,767)
Decrease in finance lease receivables	—	54	673	278	289
Increase (decrease) in trade and other payables and accrued expenses	20,863	1,231	8,418	(12,741)	(2,163)
Increase in other liabilities	—	123	—	—	—
Cash (used in) generated from operations	(36,004)	52,279	100,951	40,237	6,116
Hong Kong Profits Tax paid	(1,069)	(9,114)	(22,177)	(1,261)	—
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(37,073)	43,165	78,774	38,976	6,116
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment	3	1	32	—	—
Purchase of property, plant and equipment	(836)	(256)	(579)	(169)	(277)
Deposits paid for acquisition of property, plant and equipment	—	—	—	—	(817)
Interest received	7	168	59	53	1
Advances to related companies	(7,901)	(5,562)	(5,576)	(3,158)	(2,162)
Repayments from related companies	7,153	6,410	5,385	2,337	2,366
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(1,574)	761	(679)	(937)	(889)

APPENDIX I

ACCOUNTANTS' REPORT

	For the year ended 31 March			For the five months ended 31 August	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
FINANCING ACTIVITIES					
Advances from related parties/companies	999	20,194	148	58	—
Repayments to related parties/companies	(2,626)	(20,206)	(149)	(66)	(93)
New bank borrowings raised	67,000	126,000	—	—	—
Repayment of bank borrowings	(10,000)	(171,000)	(12,000)	(12,000)	—
Repayment of lease liabilities	—	(1,693)	(1,655)	(706)	(745)
Interest paid	(796)	(2,068)	(154)	(62)	(58)
Proceeds from issuance of shares	—	64,000	—	—	—
Transaction costs attributable to issue of shares	(1,554)	(7,375)	—	—	—
Dividend paid	(6,373)	—	(16,000)	—	—
	<u>46,650</u>	<u>7,852</u>	<u>(29,810)</u>	<u>(12,776)</u>	<u>(896)</u>
NET CASH FROM (USED IN) FINANCING ACTIVITIES					
	<u>46,650</u>	<u>7,852</u>	<u>(29,810)</u>	<u>(12,776)</u>	<u>(896)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,003	51,778	48,285	25,263	4,331
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	<u>19,093</u>	<u>27,096</u>	<u>78,874</u>	<u>78,874</u>	<u>127,159</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	<u><u>27,096</u></u>	<u><u>78,874</u></u>	<u><u>127,159</u></u>	<u><u>104,137</u></u>	<u><u>131,490</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

IWS Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 23 March 2018. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 22 October 2019 (the “Listing”). The Company’s immediate and ultimate holding company is IWS Group Holdings Limited, a company incorporated in the British Virgin Islands (the “BVI”) with limited liability, shareholders of which are the respective wholly owned entities of Mr. Ma Kiu Sang (“Mr. KS Ma”), Mr. Ma Kiu Mo (“Mr. KM Ma”) and Mr. Ma Kiu Man, Vince (“Mr. Vince Ma”). Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma have been controlling the companies comprising the Company and its subsidiaries (collectively referred to as the “Group”) collectively. The addresses of the registered office and the principal place of business of the Company are disclosed in the section “Corporate Information” of the [REDACTED] Document.

The Company is engaged in the provision of manpower support services and investment holding and its subsidiaries are principally engaged in the provision of security services and facility management services in Hong Kong.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

In preparation of the Listing, the companies comprising the Group underwent a group reorganisation (the “Reorganisation”). Prior to the Reorganisation, IWS Security, IWS PM, IWS Cleaning and IWS Carpark were owned and controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.

The Reorganisation involved incorporating certain investment holding companies in the BVI by the Company and transferring the equity interests in IWS Security, IWS PM, IWS Cleaning and IWS Carpark to these investment holding companies by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 25 May 2018. The Company and its subsidiaries have been under the common control of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma throughout the year ended 31 March 2019 or since their respective dates of incorporation, where this is a shorter period. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the Historical Financial Information for the year ended 31 March 2019 have been prepared under the principles of merger accounting in accordance with the Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2019 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the year ended 31 March 2019, or since their respective dates of incorporation, where this is a shorter period.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The Group has applied the HKFRSs, Hong Kong Accounting Standards (“HKAS”) and amendments issued by the HKICPA which are relevant to the Group and effective for the accounting periods beginning on 1 April 2021 consistently throughout the Track Record Period, except that the Group adopted HKFRS 16 “Leases” (“HKFRS 16”) during the two years ended 31 March 2021 and the five months ended 31 August 2021, and applied HKAS 17 “Leases” (“HKAS 17”) during the year ended 31 March 2019.

APPENDIX I

ACCOUNTANTS’ REPORT

The effect of adoption of HKFRS 16 are as follow:

HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time during the year ended 31 March 2020. HKFRS 16 superseded HKAS 17, and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) — Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings as at 1 April 2019 without restating the financial information for the year ended 31 March 2019.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as an alternative of impairment review; and
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.0%.

	<i>Note</i>	At 1 April 2019 <i>HK\$’000</i>
Operating lease commitments disclosed as at 31 March 2019	<i>26(b)</i>	<u>2,272</u>
Lease liabilities discounted at relevant incremental borrowing rates and as at 1 April 2019		<u><u>2,217</u></u>
Analysed as		
Current		1,734
Non-current		<u>483</u>
		<u><u>2,217</u></u>

APPENDIX I

ACCOUNTANTS' REPORT

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	At 1 April 2019 <i>HK\$'000</i>
Right-of-use assets relating to operating leases of office premises and car parks recognised upon application of HKFRS 16	<u>2,217</u>
By class:	
Office premises	1,087
Car parks	<u>1,130</u>
	<u>2,217</u>

Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under other receivables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. However, the adjustment on discounting effect is insignificant to be recognised at the date of initial application, 1 April 2019.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and financial information for the year ended 31 March 2019 has not been restated.

Before application of HKFRS 16, refundable rental deposits received were considered as obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and should be adjusted to reflect the discounting effect at transition. However, the adjustment on discounting effect is insignificant to be recognised at the date of initial application, 1 April 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1 April 2019 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Right-of-use assets	<u>—</u>	<u>2,217</u>	<u>2,217</u>
CURRENT LIABILITIES			
Lease liabilities	<u>—</u>	<u>1,734</u>	<u>1,734</u>
NON-CURRENT LIABILITIES			
Lease liabilities	<u>—</u>	<u>483</u>	<u>483</u>

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

APPENDIX I

ACCOUNTANTS’ REPORT

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

APPENDIX I

ACCOUNTANTS' REPORT

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are as follows:

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statements items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are consolidated using the existing carrying values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the consolidated entities from the earliest date presented or since the date when the consolidated entities first came under the common control, where this is a shorter period.

APPENDIX I

ACCOUNTANTS’ REPORT

Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue relating to provision of general manned guarding services, event and crisis security services, manpower support services, property management services, car park management services, cleaning services and hotel management services is recognised over time on a straight-line basis over the period of service as the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 “Financial Instruments” (“HKFRS 9”). In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group’s performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group’s performance completed to date, for example, service contracts in which the Group bills a fixed amount for each hour of service provided, the Group recognises revenue in the amount to which the Group has the right to invoice.

The Group’s accounting policy for recognition of revenue from operating leases of car parks is described in the accounting policy for leasing below.

APPENDIX I

ACCOUNTANTS' REPORT

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in Note 3)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee (prior to 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 3)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

APPENDIX I

ACCOUNTANTS' REPORT

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment. The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

APPENDIX I

ACCOUNTANTS’ REPORT

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Interest and rental income which is derived from the Group’s ordinary courses of business are presented as revenue.

The Group as lessor (upon application of HKFRS 16 in accordance with transitions in Note 3)

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group uses the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease if the interest rate implicit in the sublease cannot be readily determined.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from “profit before taxation” as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

APPENDIX I

ACCOUNTANTS' REPORT

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

APPENDIX I

ACCOUNTANTS’ REPORT

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Borrowing costs

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

APPENDIX I

ACCOUNTANTS’ REPORT

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for expected credit loss (“ECL”) on financial assets and other item which are subject to impairment under HKFRS 9 (including trade receivables, deposits and other receivables, finance lease receivables, amounts due from a non-controlling shareholder of a subsidiary, related companies and subsidiaries and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. The Group recognises an impairment gain or loss in profit or loss through a loss allowance account.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and uncertified revenue. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at end of each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

APPENDIX I

ACCOUNTANTS' REPORT

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, for example, a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;

APPENDIX I

ACCOUNTANTS' REPORT

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a trade receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or when the amounts are over one year past due without subsequent settlement, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on nature of financial instruments, past-due status, nature, size and industry of debtors and external credit ratings, where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Financial liabilities and equity instruments

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables, other liabilities, amounts due to a related company, a non-controlling shareholder of a subsidiary and subsidiaries and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

APPENDIX I

ACCOUNTANTS’ REPORT

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. REVENUE AND SEGMENT INFORMATION

Revenue from the provision of security services and facility management services is recognised over time because the customers simultaneously receive and consume the benefits provided by the Group’s performance as the Group performs, and is measured based on the output method. The Group bills a fixed amount for each hour or month of services provided, which is the direct measurement of the value of the services transferred to the customer from the Group’s performance. The Group elects to apply the practical expedient by recognising revenue from provision of security services and facility management services in the amount to which the Group has a right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

An analysis of the Group’s revenue is as follows:

	For the year ended 31 March			For the five months ended 31 August	
	2019 HK\$’000	2020 HK\$’000	2021 HK\$’000	2020 HK\$’000	2021 HK\$’000
				(unaudited)	
Types of services					
Provision of:					
General manned guarding services	161,855	344,726	160,147	63,483	76,760
Event and crisis security services	385	698	—	—	—
Manpower support services	105,216	106,735	176,709	49,760	121,100
Property management services	12,958	18,479	18,679	7,740	7,924
Car park management services	10,101	8,499	8,373	3,528	3,474
Cleaning services	1,757	1,997	1,859	767	742
Hotel management services	2,160	—	—	—	—
Rental of car parks	739	431	—	—	—
Interest income from sub-leasing of car parks	—	6	66	31	19
Total	295,171	481,571	365,833	125,309	210,019
Timing of revenue under HKFRS 15					
— Over time	294,432	481,134	365,767	125,278	210,000
Rental income	739	431	—	—	—
Interest income	—	6	66	31	19
Total	295,171	481,571	365,833	125,309	210,019

The Group’s operating segments are determined based on information reported to the chief executive, being the chief operating decision maker (“CODM”) of the Group, for the purposes of resource allocation and performance assessment based on the types of services provided. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to CODM. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group’s reportable and operating segments under HKFRS 8 “Operating Segments” are as follows:

- (i) Security services — provision of general manned guarding services, event and crisis security services and manpower support services at railway stations and facilities, sea, land and railway immigration control points and public amenities and during large-scale events and emergency and critical incidents in Hong Kong.
- (ii) Facility management services — provision of property management services, car park management services, cleaning services, hotel management services, rental of car parks and interest income from sub-leasing of car parks.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable and operating segments.

	Security services	Facility management services	Elimination	Total
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
For the year ended 31 March 2019				
Revenue				
External revenue	267,456	27,715	—	295,171
Inter-segment revenue	<u>12,825</u>	<u>6,733</u>	<u>(19,558)</u>	<u>—</u>
	<u>280,281</u>	<u>34,448</u>	<u>(19,558)</u>	<u>295,171</u>
Segment results	41,310	10,717	—	52,027
Other income and loss				345
Impairment losses on financial assets, net				(250)
Other corporate expenses				(19,908)
[REDACTED] expenses				(8,515)
Finance costs				<u>(822)</u>
Profit before taxation				<u><u>22,877</u></u>
For the year ended 31 March 2020				
Revenue				
External revenue	452,159	29,412	—	481,571
Inter-segment revenue	<u>16,556</u>	<u>7,584</u>	<u>(24,140)</u>	<u>—</u>
	<u>468,715</u>	<u>36,996</u>	<u>(24,140)</u>	<u>481,571</u>
Segment results	108,046	13,696	—	121,742
Other income and loss				488
Impairment losses on financial assets, net				(833)
Other corporate expenses				(43,688)
[REDACTED] expenses				(15,525)
Finance costs				<u>(2,066)</u>
Profit before taxation				<u><u>60,118</u></u>

APPENDIX I

ACCOUNTANTS' REPORT

	Security services <i>HK\$'000</i>	Facility management services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2021				
Revenue				
External revenue	336,856	28,977	—	365,833
Inter-segment revenue	<u>14,711</u>	<u>7,826</u>	<u>(22,537)</u>	<u>—</u>
	<u>351,567</u>	<u>36,803</u>	<u>(22,537)</u>	<u>365,833</u>
Segment results	103,399	16,106	—	119,505
Other income and gain				1,693
Impairment losses on financial assets, net				(47)
Other corporate expenses				(43,560)
[REDACTED] expenses				(4,655)
Finance costs				<u>(130)</u>
Profit before taxation				<u><u>72,806</u></u>
For the five months ended 31 August 2020 (unaudited)				
Revenue				
External revenue	113,243	12,066	—	125,309
Inter-segment revenue	<u>5,818</u>	<u>3,253</u>	<u>(9,071)</u>	<u>—</u>
	<u>119,061</u>	<u>15,319</u>	<u>(9,071)</u>	<u>125,309</u>
Segment results	33,356	6,408	—	39,764
Other income				829
Other corporate expenses				(11,483)
Finance costs				<u>(38)</u>
Profit before taxation				<u><u>29,072</u></u>
For the five months ended 31 August 2021				
Revenue				
External revenue	197,860	12,159	—	210,019
Inter-segment revenue	<u>6,825</u>	<u>3,266</u>	<u>(10,091)</u>	<u>—</u>
	<u>204,685</u>	<u>15,425</u>	<u>(10,091)</u>	<u>210,019</u>
Segment results	48,373	5,446	—	53,819
Other income				179
Impairment losses on financial assets, net				(390)
Other corporate expenses				(13,978)
[REDACTED] expenses				(8,268)
Finance costs				<u>(58)</u>
Profit before taxation				<u><u>31,304</u></u>

APPENDIX I

ACCOUNTANTS' REPORT

Inter-segment revenue are charged at prevailing market rates.

Segment results represent profits earned from each segment without allocation of other income, certain other gains and losses, net impairment losses on financial assets, other corporate expenses, [REDACTED] expenses and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Set out below are the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Security services	Facility management services	Elimination	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the year ended 31 March 2019				
Provision of:				
General manned guarding services	161,855	—	—	161,855
Event and crisis security services	385	—	—	385
Manpower support services	105,216	—	—	105,216
Property management services	—	12,958	—	12,958
Car park management services	—	10,101	—	10,101
Cleaning services	—	1,757	—	1,757
Hotel management services	—	2,160	—	2,160
	<u>—</u>	<u>2,160</u>	<u>—</u>	<u>2,160</u>
Sub-total	267,456	26,976	—	294,432
Rental of car parks	—	739	—	739
	<u>—</u>	<u>739</u>	<u>—</u>	<u>739</u>
Consolidated revenue	267,456	27,715	—	295,171
Inter-segment revenue	12,825	6,733	(19,558)	—
	<u>12,825</u>	<u>6,733</u>	<u>(19,558)</u>	<u>—</u>
Total	<u>280,281</u>	<u>34,448</u>	<u>(19,558)</u>	<u>295,171</u>
For the year ended 31 March 2020				
Provision of:				
General manned guarding services	344,726	—	—	344,726
Event and crisis security services	698	—	—	698
Manpower support services	106,735	—	—	106,735
Property management services	—	18,479	—	18,479
Car park management services	—	8,499	—	8,499
Cleaning services	—	1,997	—	1,997
	<u>—</u>	<u>1,997</u>	<u>—</u>	<u>1,997</u>
Sub-total	452,159	28,975	—	481,134
Rental of car parks	—	431	—	431
Interest income from sub-leasing of car parks	—	6	—	6
	<u>—</u>	<u>6</u>	<u>—</u>	<u>6</u>
Consolidated revenue	452,159	29,412	—	481,571
Inter-segment revenue	16,556	7,584	(24,140)	—
	<u>16,556</u>	<u>7,584</u>	<u>(24,140)</u>	<u>—</u>
Total	<u>468,715</u>	<u>36,996</u>	<u>(24,140)</u>	<u>481,571</u>

APPENDIX I

ACCOUNTANTS' REPORT

	Security services <i>HK\$'000</i>	Facility management services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2021				
Provision of:				
General manned guarding services	160,147	—	—	160,147
Manpower support services	176,709	—	—	176,709
Property management services	—	18,679	—	18,679
Car park management services	—	8,373	—	8,373
Cleaning services	—	1,859	—	1,859
	<u>336,856</u>	<u>28,911</u>	<u>—</u>	<u>365,767</u>
Sub-total	336,856	28,911	—	365,767
Interest income from sub-leasing of car parks	<u>—</u>	<u>66</u>	<u>—</u>	<u>66</u>
Consolidated revenue	336,856	28,977	—	365,833
Inter-segment revenue	<u>14,711</u>	<u>7,826</u>	<u>(22,537)</u>	<u>—</u>
Total	<u><u>351,567</u></u>	<u><u>36,803</u></u>	<u><u>(22,537)</u></u>	<u><u>365,833</u></u>
For the five months ended 31 August 2020 (unaudited)				
Provision of:				
General manned guarding services	63,483	—	—	63,483
Manpower support services	49,760	—	—	49,760
Property management services	—	7,740	—	7,740
Car park management services	—	3,528	—	3,528
Cleaning services	—	767	—	767
	<u>113,243</u>	<u>12,035</u>	<u>—</u>	<u>125,278</u>
Sub-total	113,243	12,035	—	125,278
Interest income from sub-leasing of car parks	<u>—</u>	<u>31</u>	<u>—</u>	<u>31</u>
Consolidated revenue	113,243	12,066	—	125,309
Inter-segment revenue	<u>5,818</u>	<u>3,253</u>	<u>(9,071)</u>	<u>—</u>
Total	<u><u>119,061</u></u>	<u><u>15,319</u></u>	<u><u>(9,071)</u></u>	<u><u>125,309</u></u>

APPENDIX I

ACCOUNTANTS' REPORT

	Security services	Facility management services	Elimination	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the five months ended 31 August 2021				
Provision of:				
General manned guarding services	76,760	—	—	76,760
Manpower support services	121,100	—	—	121,100
Property management services	—	7,924	—	7,924
Car park management services	—	3,474	—	3,474
Cleaning services	—	742	—	742
	<u>197,860</u>	<u>12,140</u>	<u>—</u>	<u>210,000</u>
Sub-total	197,860	12,140	—	210,000
Interest income from sub-leasing of car parks	—	19	—	19
	<u>—</u>	<u>19</u>	<u>—</u>	<u>19</u>
Consolidated revenue	197,860	12,159	—	210,019
Inter-segment revenue	6,825	3,266	(10,091)	—
	<u>6,825</u>	<u>3,266</u>	<u>(10,091)</u>	<u>—</u>
Total	<u>204,685</u>	<u>15,425</u>	<u>(10,091)</u>	<u>210,019</u>

Other segment information

	Security services	Facility management services	Segment total	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amount included in the measure of segment results:					
For the year ended 31 March 2019					
Employee benefit expenses	<u>226,146</u>	<u>16,998</u>	<u>243,144</u>	<u>8,983</u>	<u>252,127</u>
For the year ended 31 March 2020					
Employee benefit expenses	<u>344,113</u>	<u>16,948</u>	<u>361,061</u>	<u>27,402</u>	<u>388,463</u>
For the year ended 31 March 2021					
Employee benefit expenses	<u>209,669</u>	<u>12,871</u>	<u>222,540</u>	<u>27,448</u>	<u>249,988</u>
For the five months ended 31 August 2020 (unaudited)					
Employee benefit expenses	<u>78,379</u>	<u>5,658</u>	<u>84,037</u>	<u>5,021</u>	<u>89,058</u>
For the five months ended 31 August 2021					
Employee benefit expenses	<u>116,823</u>	<u>6,713</u>	<u>123,536</u>	<u>7,290</u>	<u>130,826</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Geographical information

The Group’s operations are all located in Hong Kong. All of the Group’s customers from whom the revenue are derived and non-current assets are located in Hong Kong.

Information about major customers

Revenue from customers of corresponding years/periods contributing over 10% of the Group’s revenue are as follows:

	For the year ended 31 March			For the five months ended 31 August	
	2019 HK\$’000	2020 HK\$’000	2021 HK\$’000	2020 HK\$’000	2021 HK\$’000
Customer A ¹	162,563	344,452	152,474	64,274	67,739
Customer B ²	<u>74,814</u>	<u>80,693</u>	<u>131,848</u>	<u>39,243</u>	<u>107,411</u>

¹ Revenue from security services segment and facility management services segment.

² Revenue from security services segment.

6. OTHER INCOME/OTHER GAINS AND LOSSES, NET

Other income

	For the year ended 31 March			For the five months ended 31 August	
	2019 HK\$’000	2020 HK\$’000	2021 HK\$’000	2020 HK\$’000	2021 HK\$’000
Bank interest income	7	168	59	53	1
Insurance received	199	130	962	311	123
Others	<u>141</u>	<u>210</u>	<u>640</u>	<u>465</u>	<u>55</u>
Other income — Total	<u>347</u>	<u>508</u>	<u>1,661</u>	<u>829</u>	<u>179</u>

Other gains and losses, net

	For the year ended 31 March			For the five months ended 31 August	
	2019 HK\$’000	2020 HK\$’000	2021 HK\$’000	2020 HK\$’000	2021 HK\$’000
(Loss) gain on disposal of property, plant and equipment	(2)	(20)	32	—	—
Gain on sub-leasing of car parks	<u>—</u>	<u>1,232</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other gains and losses, net — Total	<u>(2)</u>	<u>1,212</u>	<u>32</u>	<u>—</u>	<u>—</u>

APPENDIX I

ACCOUNTANTS’ REPORT

7. IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET

	For the year ended 31 March			For the five months ended 31 August	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Impairment losses (reversal of impairment) on:					
— trade receivables	191	347	(149)	—	400
— uncertified revenue	59	(7)	(6)	—	(10)
— other receivables and deposits	—	—	202	—	—
	250	340	47	—	390
Write off of trade receivables	—	493	—	—	—
	<u>250</u>	<u>833</u>	<u>47</u>	<u>—</u>	<u>390</u>

8. ANALYSIS OF EXPENSES

	For the year ended 31 March			For the five months ended 31 August	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Directors’ and chief executive’s emoluments (Note 11)	1,006	15,435	16,778	1,418	1,424
Other staff salaries, wages and allowances and bonuses	241,781	362,444	223,648	83,620	125,021
Retirement benefit scheme contributions, excluding those for directors and chief executive	9,340	10,584	9,562	4,020	4,381
Total employee benefit expenses (note)	<u>252,127</u>	<u>388,463</u>	<u>249,988</u>	<u>89,058</u>	<u>130,826</u>
Auditor’s remuneration	200	1,570	1,200	500	500
Depreciation of property, plant and equipment	689	714	774	297	356
Depreciation of right-of-use assets	—	1,678	1,455	595	650
Legal and professional fees	248	3,123	4,223	1,854	1,290
Subcontracting costs	—	—	23,788	1,508	32,664
Rent and rates	1,805	109	91	38	38
Motor vehicle rental and expenses	2,178	2,154	1,427	533	708
Other expenses	3,298	4,796	5,801	2,166	2,561
Total other operating expenses	<u>8,418</u>	<u>14,144</u>	<u>38,759</u>	<u>7,491</u>	<u>38,767</u>
Professional fees for initial listing	8,515	15,525	—	—	—
Professional fees for [REDACTED]	—	—	4,655	—	8,268
Total [REDACTED] expenses	<u>8,515</u>	<u>15,525</u>	<u>4,655</u>	<u>—</u>	<u>8,268</u>

APPENDIX I

ACCOUNTANTS' REPORT

Note: During the five months ended 31 August 2020 and the year ended 31 March 2021, the Group recognised government grants of HK\$19,873,000 (unaudited) and HK\$39,701,000, respectively, in respect of COVID-19-related subsidies in relation to Employment Support Scheme provided by the Hong Kong government and net off against employee benefit expenses.

9. FINANCE COSTS

	For the year ended 31 March			For the five months ended 31 August	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Interest on bank borrowings	822	2,008	6	6	—
Interest on lease liabilities	—	58	124	32	58
	<u>822</u>	<u>2,066</u>	<u>130</u>	<u>38</u>	<u>58</u>

10. INCOME TAX EXPENSE

	For the year ended 31 March			For the five months ended 31 August	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Current tax:					
Hong Kong Profits Tax					
— Current year/period	5,130	12,914	6,567	1,762	6,639
— Underprovision in prior years	—	116	27	—	—
Deferred tax (<i>Note 18</i>):					
Current year/period	(2)	—	—	—	—
	<u>5,128</u>	<u>13,030</u>	<u>6,594</u>	<u>1,762</u>	<u>6,639</u>

Hong Kong Profits Tax during the Track Record Period is calculated at 16.5% of the estimated assessable profits for the year/period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rates regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The Group's subsidiaries operating in Hong Kong are eligible for certain tax concessions. The maximum tax concessions eligible for each subsidiary is HK\$20,000 for each of the years ended 31 March 2019 and 2020 and HK\$10,000 for the year ended 31 March 2021.

APPENDIX I

ACCOUNTANTS' REPORT

Income tax expense for the year/period is reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	For the year ended 31 March			For the five months ended 31 August	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before taxation	<u>22,877</u>	<u>60,118</u>	<u>72,806</u>	<u>29,072</u>	<u>31,304</u>
Tax at Hong Kong Profits Tax rate of 16.5%	3,775	9,919	12,013	4,797	5,165
Tax effect of expenses not deductible for tax purposes	1,440	3,248	1,371	399	1,612
Tax effect of income not taxable for tax purpose	(7)	(43)	(6,674)	(3,282)	(13)
Underprovision in prior years	—	116	27	—	—
Tax concessions	(80)	(80)	(50)	—	—
Tax effect on two-tiered tax rate	—	(165)	(165)	(165)	(165)
Others	—	35	72	13	40
Income tax expense for the year/period	<u>5,128</u>	<u>13,030</u>	<u>6,594</u>	<u>1,762</u>	<u>6,639</u>

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Details of the emoluments paid or payable by the Group to the directors and the chief executive of the Company disclosed pursuant to the applicable Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance, are as follows:

	Directors' fee	Salaries and other allowances	Performance-based bonus	Retirement benefit scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 March 2019					
Executive directors:					
Mr. Ma Ah Muk	—	—	—	—	—
Mr. KS Ma	—	—	—	—	—
Mr. KM Ma	—	—	—	—	—
Mr. Vince Ma	—	—	—	—	—
Mr. Ma Yung King, Leo	—	—	—	—	—
Chief executive:					
Mr. Choi Ming Fai, Andy	—	988	—	18	1,006
	<u>—</u>	<u>988</u>	<u>—</u>	<u>18</u>	<u>1,006</u>

APPENDIX I

ACCOUNTANTS' REPORT

	Directors' fee <i>HK\$'000</i>	Salaries and other allowances <i>HK\$'000</i>	Performance- based bonus <i>HK\$'000</i> <i>(note i)</i>	Retirement benefit scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2020					
Executive directors:					
Mr. Ma Ah Muk	120	—	—	—	120
Mr. KS Ma	120	—	—	6	126
Mr. KM Ma	120	—	—	6	126
Mr. Vince Ma	120	—	—	6	126
Mr. Ma Yung King, Leo	120	—	200	6	326
Chief executive:					
Mr. Choi Ming Fai, Andy	—	1,186	13,167	18	14,371
Independent non-executive directors:					
Ms. Chang Wai Ha <i>(note ii)</i>	60	—	—	—	60
Dr. Ng Ka Sing, David <i>(note ii)</i>	120	—	—	—	120
Mr. Yau Siu Yeung <i>(note ii)</i>	60	—	—	—	60
	<u>840</u>	<u>1,186</u>	<u>13,367</u>	<u>42</u>	<u>15,435</u>
For the year ended 31 March 2021					
Executive directors:					
Mr. Ma Ah Muk	720	—	—	—	720
Mr. KS Ma	240	—	—	12	252
Mr. KM Ma	240	—	—	12	252
Mr. Vince Ma	240	—	—	12	252
Mr. Ma Yung King, Leo	240	—	—	12	252
Chief executive:					
Mr. Choi Ming Fai, Andy	—	1,176	13,376	18	14,570
Independent non-executive directors:					
Ms. Chang Wai Ha <i>(note ii)</i>	120	—	—	—	120
Dr. Ng Ka Sing, David <i>(note ii)</i>	240	—	—	—	240
Mr. Yau Siu Yeung <i>(note ii)</i>	120	—	—	—	120
	<u>2,160</u>	<u>1,176</u>	<u>13,376</u>	<u>66</u>	<u>16,778</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Directors’ fee <i>HK\$’000</i>	Salaries and other allowances <i>HK\$’000</i>	Performance- based bonus <i>HK\$’000</i> <i>(note i)</i>	Retirement benefit scheme contributions <i>HK\$’000</i>	Total <i>HK\$’000</i>
For the five months ended					
31 August 2020 (unaudited)					
Executive directors:					
Mr. Ma Ah Muk	300	—	—	—	300
Mr. KS Ma	100	—	—	5	105
Mr. KM Ma	100	—	—	5	105
Mr. Vince Ma	100	—	—	5	105
Mr. Ma Yung King, Leo	100	—	—	5	105
Chief executive:					
Mr. Choi Ming Fai, Andy	—	490	—	8	498
Independent non-executive directors:					
Ms. Chang Wai Ha <i>(note ii)</i>	50	—	—	—	50
Dr. Ng Ka Sing, David <i>(note ii)</i>	100	—	—	—	100
Mr. Yau Siu Yeung <i>(note ii)</i>	50	—	—	—	50
	<u>900</u>	<u>490</u>	<u>—</u>	<u>28</u>	<u>1,418</u>
For the five months ended					
31 August 2021					
Executive directors:					
Mr. Ma Ah Muk	300	—	—	—	300
Mr. KS Ma	100	—	—	1	101
Mr. KM Ma	100	—	—	5	105
Mr. Vince Ma	100	—	—	5	105
Mr. Ma Yung King, Leo	100	—	—	5	105
Chief executive:					
Mr. Choi Ming Fai, Andy	—	500	—	8	508
Independent non-executive directors:					
Ms. Chang Wai Ha <i>(note ii)</i>	50	—	—	—	50
Dr. Ng Ka Sing, David <i>(note ii)</i>	100	—	—	—	100
Mr. Yau Siu Yeung <i>(note ii)</i>	50	—	—	—	50
	<u>900</u>	<u>500</u>	<u>—</u>	<u>24</u>	<u>1,424</u>

Notes:

- (i) The bonus is determined with reference to the Group’s financial performance or duties and responsibilities of the relevant employee within the Group.
- (ii) All the independent non-executive directors were appointed on 20 September 2019.

The executive directors’ emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors’ emoluments shown above were for their services as director of the Company.

APPENDIX I

ACCOUNTANTS' REPORT

During the Track Record Period, no emolument was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during the Track Record Period.

(b) Employees' emoluments

The five highest paid employees of the Group include the chief executive of the Company for the years ended 31 March 2019 and 2020, and the chief executive and a director of the Company for the year ended 31 March 2021 and the five months ended 31 August 2020 and 2021, whose emoluments are included in the disclosures in Note 11(a). The emoluments of the remaining 4 non-director employees for the years ended 31 March 2019 and 2020, and the remaining 3 non-director employees for the year ended 31 March 2021 and the five months ended 31 August 2020 and 2021 are as follows:

	For the year ended 31 March			For the five months ended 31 August	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Salaries and other allowances	2,715	2,575	2,256	940	949
Performance-based bonus	—	1,824	758	—	—
Retirement benefit scheme contributions	69	71	54	23	21
	<u>2,784</u>	<u>4,470</u>	<u>3,068</u>	<u>963</u>	<u>970</u>

The number of highest paid employees, who are not directors or chief executive of the Company, whose remuneration within the following bands were as follows:

	Number of employees				
	For the year ended 31 March			For the five months ended 31 August	
	2019	2020	2021	2020	2021
				(unaudited)	
Emolument bands					
Nil to HK\$1,000,000	3	3	2	3	3
HK\$1,000,001 to HK\$1,500,000	1	—	—	—	—
HK\$1,500,001 to HK\$2,000,000	—	—	1	—	—
HK\$2,000,001 to HK\$2,500,000	—	1	—	—	—
	<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>3</u>

During the Track Record Period, no emoluments were paid by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

APPENDIX I

ACCOUNTANTS' REPORT

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST				
At 1 April 2018	1,561	1,329	225	3,115
Additions	811	—	25	836
Disposal	—	—	(38)	(38)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2019	2,372	1,329	212	3,913
Additions	195	—	61	256
Disposal	—	—	(25)	(25)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2020	2,567	1,329	248	4,144
Additions	261	—	318	579
Disposal	—	—	(187)	(187)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2021	2,828	1,329	379	4,536
Additions	102	175	—	277
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2021	<u>2,930</u>	<u>1,504</u>	<u>379</u>	<u>4,813</u>
DEPRECIATION				
At 1 April 2018	885	198	168	1,251
Provided for the year	368	266	55	689
Disposal	—	—	(33)	(33)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2019	1,253	464	190	1,907
Provided for the year	433	266	15	714
Disposal	—	—	(4)	(4)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2020	1,686	730	201	2,617
Provided for the year	453	226	55	774
Disposal	—	—	(187)	(187)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2021	2,139	996	69	3,204
Provided for the period	202	115	39	356
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2021	<u>2,341</u>	<u>1,111</u>	<u>108</u>	<u>3,560</u>
CARRYING VALUES				
At 31 March 2019	<u>1,119</u>	<u>865</u>	<u>22</u>	<u>2,006</u>
At 31 March 2020	<u>881</u>	<u>599</u>	<u>47</u>	<u>1,527</u>
At 31 March 2021	<u>689</u>	<u>333</u>	<u>310</u>	<u>1,332</u>
At 31 August 2021	<u>589</u>	<u>393</u>	<u>271</u>	<u>1,253</u>

APPENDIX I

ACCOUNTANTS' REPORT

The above items of property, plant and equipment are depreciated on a straight-line basis as follows:

Furniture, fixtures and equipment	25% per annum
Leasehold improvements	Over the estimated useful lives of 5 years or the period of the relevant lease, whichever is shorter
Motor vehicles	25% per annum

15. RIGHT-OF-USE ASSETS

	Car parks <i>HK\$'000</i>	Office premises <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2019			
Carrying amount	<u>1,130</u>	<u>1,087</u>	<u>2,217</u>
At 31 March 2020			
Carrying amount	<u>170</u>	<u>282</u>	<u>452</u>
At 31 March 2021			
Carrying amount	<u>1,476</u>	<u>1,943</u>	<u>3,419</u>
At 31 August 2021			
Carrying amount	<u>1,202</u>	<u>1,998</u>	<u>3,200</u>
For the year ended 31 March 2020			
Depreciation	<u>894</u>	<u>784</u>	<u>1,678</u>
For the year ended 31 March 2021			
Depreciation	<u>662</u>	<u>793</u>	<u>1,455</u>
For the five months ended 31 August 2020 (unaudited)			
Depreciation	<u>279</u>	<u>316</u>	<u>595</u>
For the five months ended 31 August 2021			
Depreciation	<u>274</u>	<u>376</u>	<u>650</u>

During the Track Record Period, the Group leases car parks and offices premises for its operations. Lease contracts are entered into for fixed terms of 2 years to 3 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the years ended 31 March 2020 and 2021 and the five months ended 31 August 2020 and 2021, right-of-use assets amounting to HK\$716,000, HK\$4,422,000, HK\$4,422,000 (unaudited) and HK\$431,000, respectively are recognised with related lease liabilities attributable to renewal of the existing leased properties. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. This constitutes the Group's major non-cash transactions.

APPENDIX I

ACCOUNTANTS' REPORT

In addition, the Group regularly entered into short-term leases for motor vehicles. At 31 March 2020 and 2021 and 31 August 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense incurred during the years ended 31 March 2020 and 2021 and the five months ended 31 August 2021. The expenses relating to short-term leases recognised during the years ended 31 March 2020 and 2021 and the five months ended 31 August 2020 and 2021 amounted to HK\$1,778,000, HK\$1,096,000, HK\$428,000 (unaudited) and HK\$536,000 respectively.

The total cash outflow for leases during the years ended 31 March 2020 and 2021 and the five months ended 31 August 2020 and 2021 amounted to HK\$3,529,000, HK\$2,875,000, HK\$1,166,000 (unaudited) and HK\$1,339,000 respectively.

16. FINANCE LEASE RECEIVABLES

During the year ended 31 March 2020, the Group entered into finance lease arrangement as a lessor for sub-leasing car parks leased from a related party. The related right-of-use assets are derecognised and a gain on sub-leasing of car parks amounting to HK\$1,232,000 is recognised in profit or loss and presented under other gains and losses (Note 6). The term of finance lease entered into is 3 years.

	As at 31 March		As at 31 August	
	2020	2021	2021	2021
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Finance lease receivables comprise:				
Within one year	739	673	739	701
In more than one year but not more than two years	739	701	616	607
In more than two years but not more than three years	<u>616</u>	<u>607</u>	<u>—</u>	<u>—</u>
	2,094	1,981	1,355	1,308
Less: unearned finance income	<u>(113)</u>	<u>N/A</u>	<u>(47)</u>	<u>N/A</u>
Present value of minimum lease payment receivables	<u>1,981</u>	<u>1,981</u>	<u>1,308</u>	<u>1,308</u>
Analysed for reporting purpose as:				
Current assets		673		701
Non-current assets		<u>1,308</u>		<u>607</u>
		<u>1,981</u>		<u>1,308</u>

At 31 March 2020 and 2021 and 31 August 2021, the Group received deposit of HK\$123,000, HK\$123,000 and HK\$123,000, respectively, from the customer under finance lease and recognised as other liabilities under non-current liabilities.

There has been no significant increase in credit risk of the lessee since initial recognition, and accordingly 12m ECL is recognised. The amount is insignificant and therefore no loss allowance is recognised.

APPENDIX I

ACCOUNTANTS' REPORT

17. TRADE AND OTHER RECEIVABLES AND DEPOSITS

The Group

	Notes	As at 31 March			As at
		2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	31 August 2021 HK\$'000
Trade receivables	(a)				
— Third parties		47,726	55,665	56,455	89,805
— Related parties		<u>2,155</u>	<u>4,644</u>	<u>4,677</u>	<u>4,534</u>
		49,881	60,309	61,132	94,339
Less: Loss allowance		<u>(460)</u>	<u>(807)</u>	<u>(658)</u>	<u>(1,058)</u>
		<u>49,421</u>	<u>59,502</u>	<u>60,474</u>	<u>93,281</u>
Uncertified revenue	(b)	57,680	47,488	34,786	26,782
Less: Loss allowance		<u>(59)</u>	<u>(52)</u>	<u>(46)</u>	<u>(36)</u>
		<u>57,621</u>	<u>47,436</u>	<u>34,740</u>	<u>26,746</u>
Deposits					
— Third parties		10,411	7,626	1,372	1,414
— Related parties		<u>280</u>	<u>280</u>	<u>—</u>	<u>—</u>
		10,691	7,906	1,372	1,414
Less: Loss allowance		<u>—</u>	<u>—</u>	<u>(2)</u>	<u>(2)</u>
		<u>10,691</u>	<u>7,906</u>	<u>1,370</u>	<u>1,412</u>
Other receivables and prepayments		1,902	5,160	2,446	3,339
Less: Loss allowance		<u>—</u>	<u>—</u>	<u>(180)</u>	<u>(180)</u>
		<u>1,902</u>	<u>5,160</u>	<u>2,266</u>	<u>3,159</u>
Prepayments for [REDACTED] expenses and issue costs		360	—	1,522	55
Deferred issue costs		<u>3,928</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total trade and other receivables and deposits (shown under current assets)		<u>123,923</u>	<u>120,004</u>	<u>100,372</u>	<u>124,653</u>
Non-current deposits					
— Third parties		1,643	6,759	9,345	10,258
— Related parties		<u>—</u>	<u>—</u>	<u>280</u>	<u>280</u>
		1,643	6,759	9,625	10,538
Less: Loss allowance		<u>—</u>	<u>—</u>	<u>(20)</u>	<u>(20)</u>
		<u>1,643</u>	<u>6,759</u>	<u>9,605</u>	<u>10,518</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Note	As at 31 March			As at
		2019	2020	2021	31 August
		HK\$’000	HK\$’000	HK\$’000	2021
					HK\$’000
Trade receivables	(a)				
— Third parties		—	—	31,905	33,527
Less: Loss allowance		—	—	(44)	(46)
		—	—	31,861	33,481
Other prepayments		—	113	536	153
Prepayments for [REDACTED] expenses and issue costs		360	—	1,522	55
Deferred issue costs		3,928	—	—	—
		<u>4,288</u>	<u>113</u>	<u>33,919</u>	<u>33,689</u>

All the related parties above are companies controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.

The Group allows credit period of 30 to 120 days to the customers.

(a) Trade receivables

At 1 April 2018, trade receivables from contracts with customers for the Group amounted to HK\$27,306,000.

The following is an ageing analysis of trade receivables, net of loss allowance, presented based on the invoice dates at the end of each reporting period:

	The Group			The Company		
	As at 31 March			As at	As at	As at
	2019	2020	2021	31 August	31 March	31 August
	HK\$’000	HK\$’000	HK\$’000	2021	2021	2021
				HK\$’000	HK\$’000	HK\$’000
0–30 days	40,698	38,250	45,708	57,249	23,040	12,682
31–60 days	1,586	7,582	11,859	24,973	8,821	11,723
61–90 days	1,089	4,171	1,699	10,596	—	9,076
91–120 days	1,471	2,639	904	175	—	—
Over 120 days	4,577	6,860	304	288	—	—
	<u>49,421</u>	<u>59,502</u>	<u>60,474</u>	<u>93,281</u>	<u>31,861</u>	<u>33,481</u>

Before accepting any new customer, the Group assesses the potential customer’s credit quality and defines credit limits by customer. Credit limits attributed to customers and credit terms granted to customers are reviewed regularly. The majority of the trade receivables that is neither past due nor impaired has no history of defaulting on repayments.

APPENDIX I

ACCOUNTANTS' REPORT

At 31 March 2019, 2020 and 2021 and 31 August 2021, included in the Group's trade receivables balances are debtors with aggregate carrying amount of HK\$8,723,000, HK\$21,252,000, HK\$14,766,000 and HK\$33,400,000, respectively, which are past due as at the reporting date. Out of the past due balances, HK\$4,577,000, HK\$6,860,000, HK\$304,000 and HK\$288,000, respectively, has been past due 90 days or more and is not considered as in default as the management of the Group considered that the presumption of default has occurred when the instrument is more than 90 days past due is rebutted by considering the background (including the financial background) of these trade debtors. At 31 March 2021 and 31 August 2021, the Company's trade receivables balances amounting to HK\$8,821,000 and nil, respectively, are past due.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

For trade receivables from related parties with gross carrying amount of HK\$2,155,000, HK\$4,644,000, HK\$4,677,000 and HK\$4,534,000 as at 31 March 2019, 2020 and 2021 and 31 August 2021 respectively, the management of the Group makes individual assessment on the recoverability of trade receivables from related parties based on historical settlement records and past experience, and also quantitative and qualitative information that is reasonable and supportable forward-looking information.

As part of the Group's credit risk management, the Group applies internal credit rating for its third party customers. The debtors with significant balances at 31 March 2019, 2020 and 2021 and 31 August 2021 with gross carrying amount amounted to HK\$34,829,000, HK\$46,479,000, HK\$51,207,000 and HK\$82,508,000, respectively, are assessed individually. The rest of debtors are grouped into three internal credit rating buckets (namely: low risk, medium risk and high risk) based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor.

The estimated loss rates and the gross carrying amount of the trade receivables are set out below:

	2019		As at 31 March 2020		2021		As at 31 August 2021	
	Estimated loss rate	Gross carrying amount <i>HK\$'000</i>	Estimated loss rate	Gross carrying amount <i>HK\$'000</i>	Estimated loss rate	Gross carrying amount <i>HK\$'000</i>	Estimated loss rate	Gross carrying amount <i>HK\$'000</i>
Low risk	0.10%	4,102	0.11%	1,713	0.13%	2,253	0.13%	3,691
Medium risk	3.34%	7,826	2.10%	4,808	2.79%	1,726	2.79%	2,033
High risk	18.84%	<u>969</u>	21.02%	<u>2,665</u>	32.66%	<u>1,269</u>	32.66%	<u>1,573</u>
		<u>12,897</u>		<u>9,186</u>		<u>5,248</u>		<u>7,297</u>

The above estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and study of other corporates' default and recovery data from international credit-rating agencies, and are adjusted for forward-looking macroeconomic information (for example, the current and forecasted gross domestic product growth rates in Hong Kong, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

There has been no change in the estimation techniques or significant assumptions made during the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

The movement in the allowance for impairment in respect of trade receivables is as follows:

The Group

	Trade receivables not credit-impaired <i>HK\$’000</i>
At 1 April 2018	269
Changes due to trade receivables recognised at 1 April 2018	
— Impairment losses reversed	(269)
Trade receivables newly originated	<u>460</u>
At 31 March 2019	460
Changes due to trade receivables recognised at 1 April 2019	
— Impairment losses reversed	(460)
Trade receivables newly originated	<u>807</u>
At 31 March 2020	807
Changes due to trade receivables recognised at 1 April 2020	
— Impairment losses reversed	(807)
Trade receivables newly originated	<u>658</u>
At 31 March 2021	658
Changes due to trade receivables recognised at 1 April 2021	
— Impairment losses reversed	(595)
Trade receivables newly originated	<u>995</u>
At 31 August 2021	<u><u>1,058</u></u>

The Company

	Trade receivables not credit-impaired <i>HK\$’000</i>
At 1 April 2020	—
Trade receivables newly originated	<u>44</u>
At 31 March 2021	44
Changes due to trade receivables recognised at 1 April 2021	
— Impairment loss reversed	(44)
Trade receivables newly originated	<u>46</u>
At 31 August 2021	<u><u>46</u></u>

There is no transfer between the impairment loss allowance made under credit-impaired trade receivables and trade receivables not credit-impaired for the Group and the Company during the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier. The Group has taken legal action against a debtor to recover the amount due of HK\$493,000 during the year ended 31 March 2020.

(b) Uncertified revenue

Uncertified revenue represents the Group’s right to receive consideration for security services rendered pending verification of attendance records by customers as at the end of each reporting period. Uncertified revenue is transferred to trade receivables when the Group obtains the certification issued by the customers and is to be settled within 30 days from the date of certification.

At 1 April 2018, there was no uncertified revenue from contracts with customer.

The uncertified revenue with gross carrying amount of HK\$57,680,000, HK\$47,488,000, HK\$34,786,000 and HK\$26,782,000, respectively, at 31 March 2019, 2020 and 2021 and 31 August 2021 are assessed individually. Based on assessment by the management of the Group, impairment loss of HK\$59,000, reversal of impairment losses of HK\$7,000, HK\$6,000, nil (unaudited) and HK\$10,000, respectively, has been recognised during the years ended 31 March 2019, 2020 and 2021 and the five months ended 31 August 2020 and 2021.

The movement in the allowance for impairment in respect of uncertified revenue is as follows:

	Uncertified revenue not credit-impaired <i>HK\$’000</i>
At 1 April 2018	—
Uncertified revenue newly originated	<u>59</u>
At 31 March 2019	59
Changes due to uncertified revenue recognised at 1 April 2019	
— Impairment losses reversed	(59)
Uncertified revenue newly originated	<u>52</u>
At 31 March 2020	52
Changes due to uncertified revenue recognised at 1 April 2020	
— Impairment losses reversed	(52)
Uncertified revenue newly originated	<u>46</u>
At 31 March 2021	46
Changes due to uncertified revenue recognised at 1 April 2021	
— Impairment losses reversed	(44)
Uncertified revenue newly originated	<u>34</u>
At 31 August 2021	<u><u>36</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

18. DEFERRED TAX ASSET

Deferred tax asset is recognised on loss allowance of trade receivables and uncertified revenue and movements thereon during the Track Record Period is disclosed as below.

	Loss allowance of trade receivables and uncertified revenue HK\$’000
At 1 April 2018	44
Credit to profit or loss (<i>Note 10</i>)	<u>2</u>
At 31 March 2019, 2020 and 2021 and 31 August 2021	<u><u>46</u></u>

19. AMOUNT(S) DUE FROM A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY/RELATED COMPANIES/SUBSIDIARIES

The Group

The amount due from a non-controlling shareholder of a subsidiary of the Company is non-trade nature, unsecured, interest-free and repayable on demand.

Details of the amounts due from related companies are as follows:

Name of related companies	At 1 April		At 31 March			Maximum amount outstanding during the five months ended			
						the year ended 31 March		31 August	
	2018	2019	2020	2021	2021	2019	2020	2021	2021
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Yan Yan Motors Limited	1,831	960	112	303	9	2,288	1,346	1,620	1,138
Deluxe Tower Limited	<u>8</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>90</u>	121	—	—	90
	<u><u>1,839</u></u>	<u><u>960</u></u>	<u><u>112</u></u>	<u><u>303</u></u>	<u><u>99</u></u>				

The amounts are non-trade nature, unsecured, interest-free and repayable on demand. The above related companies are controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.

The Company

The amounts due from subsidiaries at 31 March 2020 and 2021 are unsecured, interest-free and have no fixed repayment terms. The directors of the Company expect the amounts will be recovered within 12 months after the end of each reporting period and is classified as current.

APPENDIX I

ACCOUNTANTS’ REPORT

20. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and the Company and short-term bank deposits with an original maturity of three months or less.

Bank balances carry interest at prevailing market rates of 0.01% per annum at 31 March 2019, 2020 and 2021 and 31 August 2021.

21. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES/OTHER LIABILITIES

The Group

	As at 31 March			As at
	2019	2020	2021	31 August
	HK\$’000	HK\$’000	HK\$’000	2021
				HK\$’000
Trade and other payables and accrued expenses — current				
Trade payables	—	—	6,234	10,120
Other payables and accrued expenses	2,514	3,300	1,801	1,724
Accrued [REDACTED] expense and issue costs	5,452	—	380	1,598
Accrued staff costs	27,361	31,893	35,172	27,982
	<u>35,327</u>	<u>35,193</u>	<u>43,587</u>	<u>41,424</u>
Other liabilities — non-current				
Deposit received from customer under finance lease (Note 16)	—	123	123	123
	<u>—</u>	<u>123</u>	<u>123</u>	<u>123</u>

The credit terms of the trade payables are generally 30 days. The following is an ageing analysis of trade payables, presented based on the invoice dates at the end of each reporting period.

	As at 31 March			As at
	2019	2020	2021	31 August
	HK\$’000	HK\$’000	HK\$’000	2021
				HK\$’000
0–30 days	—	—	6,234	6,626
31–60 days	—	—	—	2,259
61–90 days	—	—	—	1,235
	<u>—</u>	<u>—</u>	<u>6,234</u>	<u>10,120</u>

The Company

	As at 31 March			As at
	2019	2020	2021	31 August
	HK\$’000	HK\$’000	HK\$’000	2021
				HK\$’000
Accrued expenses — current				
Accrued expenses	—	260	900	500
Accrued [REDACTED] expense and issue costs	5,452	—	380	1,598
	<u>5,452</u>	<u>260</u>	<u>1,280</u>	<u>2,098</u>

APPENDIX I

ACCOUNTANTS’ REPORT

22. AMOUNT(S) DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY/A RELATED COMPANY/SUBSIDIARIES

The Group

	As at 31 March			As at
	2019	2020	2021	31 August
	HK\$’000	HK\$’000	HK\$’000	2021
				HK\$’000
Amount due to a non-controlling shareholder of a subsidiary:				
Oblivian Limited	7,198	—	—	—
Amount due to a related company:				
Deluxe Tower Limited	106	94	93	—

All the amounts due to a non-controlling shareholder of a subsidiary and a related company are non-trade nature, unsecured, interest-free and repayable on demand.

The Company

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

23. LEASE LIABILITIES

	As at 31 March		As at
	2020	2021	31 August
	HK\$’000	HK\$’000	2021
			HK\$’000
Lease liabilities payable:			
Within a period of not exceeding one year	712	1,703	1,902
Within a period of more than one year but not exceeding two years	248	1,784	1,700
Within a period of more than two years but not exceeding five years	280	520	91
	1,240	4,007	3,693
Less: Amount due for settlement within 12 months shown under current liabilities	(712)	(1,703)	(1,902)
Amount due for settlement after 12 months shown under non-current liabilities	528	2,304	1,791

24. BANK BORROWINGS

The Group’s bank borrowings were unsecured, repayable within one year and contained a repayment on demand clause.

At 31 March 2019 and 2020, bank borrowings carried variable interest rate at one month Hong Kong Interbank Offered Rate plus 1.75%.

At 31 March 2019, the Group’s bank borrowings were guaranteed by Mr. Ma Ah Muk and Mr. KS Ma. Such personal guarantee had been released during the year ended 31 March 2020.

APPENDIX I

ACCOUNTANTS' REPORT

25. SHARE CAPITAL

The issued share capital as at 1 April 2018 represented the combined share capital of IWS PM, IWS Security, IWS Carpark and IWS Cleaning.

The share capital of the Group as at 31 March 2019 represented the issued share capital of the Company following the completion of Reorganisation on 25 May 2018 as detailed in Note 2.

Details of the share capital of the Company are disclosed as follows:

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2018 and 31 March 2019	38,000,000	380
On 20 September 2019 (<i>note i</i>)	<u>1,962,000,000</u>	<u>19,620</u>
At 31 March 2020 and 2021 and 31 August 2021	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2018 and 31 March 2019	[REDACTED]	[REDACTED]
Capitalisation issue on 22 October 2019 (<i>note i</i>)	[REDACTED]	[REDACTED]
Issue of shares on 22 October 2019 (<i>note ii</i>)	<u>[REDACTED]</u>	<u>[REDACTED]</u>
At 31 March 2020 and 2021 and 31 August 2021	<u>[REDACTED]</u>	<u>[REDACTED]</u>

Notes:

- (i) On 20 September 2019, a written resolution to increase the authorised share capital of the Company to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares of the Company was passed. On 22 October 2019, [REDACTED] shares of the Company were issued through capitalisation of approximately HK\$5,999,999.99 standing to the credit of share premium of the Company.
- (ii) The shares of the Company have been listed on GEM of the Stock Exchange by way of share offer on 22 October 2019. [REDACTED] shares of the Company of HK\$0.01 each were issued at HK\$0.32 per share.

The new shares rank pari passu with the existing shares.

APPENDIX I

ACCOUNTANTS' REPORT

26. OPERATING LEASE COMMITMENTS

(a) The Group as lessor

At 31 March 2019, the Group had contracted with a tenant in respect of car parks for the following future minimum lease payments amounting to HK\$677,000 under a non-cancellable operating lease with a three year lease term, which fall due within one year.

(b) The Group as lessee

The operating lease rentals in respect of office premises and car parks for the year ended 31 March 2019 was HK\$1,764,000.

At 31 March 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	As at 31 March
	2019
	<i>HK\$'000</i>
Within one year	1,767
In the second to fifth year inclusive	<u>505</u>
	<u><u>2,272</u></u>

Operating lease payments represent rentals payable by the Group for its offices and car parks. Leases were negotiated for an average term of one to three years and rentals were fixed over the lease terms.

27. RETIREMENT BENEFIT SCHEMES

The Group participates in a defined contribution scheme which is registered under the MPF Scheme established under the Mandatory Provident Fund Schemes Ordinance. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes at the lower of HK\$1,500 per month or 5% of relevant payroll costs each month to the MPF Scheme, which contribution is matched by the employee.

The total expense recognised in profit or loss for the years ended 31 March 2019, 2020 and 2021 and the five months ended 31 August 2020 and 2021 is HK\$9,358,000, HK\$10,626,000, HK\$9,628,000, HK\$4,048,000 (unaudited) and HK\$4,405,000, respectively, which represent contributions paid or payable to these plans by the Group at rates specified in the rules of the plans. The Group's contributions to the MPF scheme for its employees are fully and immediately vested in the employees once the contributions are made. Accordingly, there are no forfeited contributions under the MPF scheme that may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix 16 of the Listing Rules.

APPENDIX I

ACCOUNTANTS’ REPORT

28. RELATED PARTY DISCLOSURES

(a) Related party balances

Details of the outstanding balances with related parties are set out in the consolidated statements of financial position and in Notes 17, 19 and 22.

(b) Related party transactions

Save as disclosed elsewhere in the Historical Financial Information, the Group entered into the following transactions with related parties:

Relationship with the Group	Name of related party	Transactions	For the year ended 31 March			For the five months ended 31 August		
			2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	
							(unaudited)	
Controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma	Yan Yan Motors Limited	Building management fee	89	89	89	37	37	
		Security services income	3,759	3,700	3,763	1,542	1,680	
		Facility management services income	9,276	11,746	12,278	5,057	5,173	
		Interest expenses on lease liabilities	N/A	31	79	26	31	
		Lease liabilities (note)	N/A	939	2,026	2,533	1,657	
		Rental expenses	960	—	—	—	—	
		Car rental expenses	8	—	—	—	—	
		Fu Wan Public Light Bus (Scheduled) Service Company Limited	Security services income	310	193	194	81	81
			Facility management services income	540	1,106	1,106	461	461
		Better Coin Industrial Limited	Security services income	359	526	526	219	219
			Security services income	1,580	1,711	1,723	718	718
		Golden Way Public Light Bus (Scheduled) Service Company Limited	Security services income	657	623	627	261	261
			Security services income	322	349	352	147	147
		Koon Wing Motors Limited	Security services income	367	2	—	—	—
Security services income	131		—	—	—	—		
Sheung Shui Public Light Bus (Scheduled) Service Company Limited	Security services income	252	—	—	—	—		
	Car rental expenses	58	—	—	—	—		
Success Transportation Limited	Security services income	—	10	—	—	—		
	Security services income	—	—	—	—	—		
Yan Yan Ho Motors Limited	Security services income	26	26	26	2	55		
	Insurance expenses	108	432	432	180	562		
CTBus Limited	Security services income	—	—	—	—	—		
	Security services income	—	—	—	—	—		
Brilliant Way Public Light Bus (Scheduled) Service Company Limited	Security services income	—	—	—	—	—		
	Security services income	—	—	—	—	—		
Controlled by Mr. Ma Ah Muk	Trinity General Insurance Company Limited	Insurance expenses	26	26	26	2	55	
		Security services income	108	432	432	180	562	
Controlled by Ms. Ma Wah Chu, daughter of Mr. Ma Ah Muk	Eco Tree Hotel Limited	Security services income	108	432	432	180	562	
		Security services income	108	432	432	180	562	

Note: During the years ended 31 March 2020 and 2021 and five months ended 31 August 2020, the Group has entered into lease modifications with a related company to extend the lease term of car parks for 3 years, 3 years and 3 years respectively. The Group has recognised additions of right-of-use assets of HK\$737,000 and HK\$1,968,000 and HK\$1,968,000 (unaudited), and lease liabilities of HK\$737,000, HK\$1,968,000 and HK\$1,968,000 (unaudited) respectively.

The above security services income and facility management services income constitute continuing connected transactions under the Listing Rules.

APPENDIX I

ACCOUNTANTS’ REPORT

(c) Compensation of key management personnel

The remuneration of directors and other members of key management personnel were as follows:

	For the year ended 31 March			For the five months ended 31 August	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Short-term employee benefits	2,975	19,234	19,568	2,255	2,280
Post-employment benefits	<u>64</u>	<u>95</u>	<u>119</u>	<u>50</u>	<u>46</u>
	<u>3,039</u>	<u>19,329</u>	<u>19,687</u>	<u>2,305</u>	<u>2,326</u>

The remuneration of directors and key executives is reviewed by the remuneration committee having regard to the performance of individuals and market trends.

- (d) At 31 March 2019, banking facilities of HK\$90,000,000 provided by a bank to the Group with utilised amount of HK\$75,207,000 were guaranteed by personal guarantees from Mr. Ma Ah Muk and Mr. KS Ma. The personal guarantee has been released during the year ended 31 March 2020.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group companies will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of bank borrowings and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost and the risks associated with each class of the capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through payment of dividend, new share issues, issue of new debt and redemption of existing debts.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at 31 March			As at
	2019	2020	2021	31 August 2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets				
Amortised cost	<u>148,284</u>	<u>203,462</u>	<u>234,621</u>	<u>263,904</u>
Financial liabilities				
Amortised cost	<u>71,239</u>	<u>12,732</u>	<u>7,351</u>	<u>13,065</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 March			As at 31 August
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets				
Amortised cost	<u>51</u>	<u>26,629</u>	<u>58,323</u>	<u>73,541</u>
Financial liabilities				
Amortised cost	<u>12,860</u>	<u>452</u>	<u>390</u>	<u>2,574</u>

(b) Financial risk management objectives and policies

The Group’s major financial instruments include trade receivables, deposits and other receivables, amount(s) due from related companies/a non-controlling shareholder of a subsidiary, bank balances and cash, amount(s) due to a related company/a non-controlling shareholder of a subsidiary, trade and other payables, bank borrowings, lease liabilities and other liabilities. The Company’s major financial instruments include trade receivables, amounts due from subsidiaries, bank balances and amounts due to subsidiaries.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings due to the fluctuation of the prevailing market interest rate. The Group is also exposed to fair value interest rate risk in relation to fixed-rate finance lease receivables and lease liabilities. In addition, the Company is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The directors of the Company consider the Group’s and the Company’s exposure of the bank balances to interest rate risk is insignificant as interest bearing bank balances are within short maturity period and the fluctuation of market interest rate is not expected to be significant, no sensitivity analysis is presented accordingly.

The Group currently does not have any interest rate hedging policy in relation to cash flow interest rate risks. The directors of the Company monitor the Group’s exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

As at 31 March 2019 and 2020, the Group’s cash flow interest rate risk related to bank borrowings is mainly concentrated on the fluctuation of the Hong Kong Interbank Offered Rate.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates on its variable-rate bank borrowings at the end of each reporting period and the stipulated change taking place at the beginning of the financial period and held constant throughout the period in the case of instruments that have variable rates. A 50 basis points increase or decrease is used by the management for the assessment of the possible change in interest rates.

APPENDIX I

ACCOUNTANTS' REPORT

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the years ended 31 March 2019 and 2020 would decrease/increase by approximately HK\$238,000 and HK\$50,000, respectively.

Credit risk and impairment assessment

The carrying amount of the respective recognised financial assets as stated in the statements of financial position of the Group and the Company represents the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligations by the counterparties.

The Group's credit risk is primarily attributable to its trade receivables and uncertified revenue. The Company's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's and the Company's credit risk is significantly reduced. In addition, the Group and the Company reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

At 31 March 2019, 2020 and 2021 and 31 August 2021, the Group has concentration of credit risk as 78%, 76%, 46% and 47%, respectively, of the total trade receivables and uncertified revenue was due from the Group's largest customer. The Group's concentration of credit risk on the top five largest customers accounted for 92%, 95%, 95% and 95% of the total trade receivables and uncertified revenue at 31 March 2019, 2020 and 2021 and 31 August 2021. At 31 March 2021 and 31 August 2021, the Company has concentration of credit risk as the entire trade receivables is due from one customer. The management of the Group considers the credit risk of amounts due to these customers is insignificant after considering their historical settlement record, credit quality and/or financial positions.

The Group and the Company has applied the simplified approach to measure the ECL on trade receivables and the Group also applied the simplified approach to measure ECL on uncertified revenue at lifetime ECL as disclosed in Note 17. ECL for other financial assets at amortised cost and other item, including deposits and other receivables, finance lease receivables, amount due from a non-controlling shareholder of a subsidiary, amounts due from related companies, amounts due from subsidiaries and bank balances, are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition.

The management of the Group makes individual assessment on the recoverability of amount due from a non-controlling shareholder of a subsidiary, amount due from related companies, amounts due from subsidiaries, deposits and other receivables based on historical settlement records and past experience. At 31 March 2021 and 31 August 2021, the Group assessed the ECL for deposits and other receivables to be HK\$202,000 and HK\$202,000 respectively. The ECL is not material for other financial assets at amortised cost during the Track Record Period.

As at 31 March 2019, 2020 and 2021 and 31 August 2021, the gross carrying amounts of bank balances are HK\$27,050,000, HK\$78,828,000, HK\$127,113,000 and HK\$131,444,000, respectively. The credit risk on bank balances of the Group and the Company is limited because the counterparties are banks with high credit ratings (i.e. AA- to A) assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks. The ECL is not material.

APPENDIX I

ACCOUNTANTS’ REPORT

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows.

The following details the Group’s and the Company’s remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings of the Group with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest cash flows are variable rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

Liquidity tables

The Group

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$’000	3 months to 1 year HK\$’000	1 year to 3 years HK\$’000	Total undiscounted cash flows HK\$’000	Carrying amount HK\$’000
As at 31 March 2019						
Trade and other payables	—	6,935	—	—	6,935	6,935
Amount due to a non-controlling shareholder of a subsidiary	—	7,198	—	—	7,198	7,198
Amount due to a related company	—	106	—	—	106	106
Bank borrowings — variable rate	3.36	57,000	—	—	57,000	57,000
		<u>71,239</u>	<u>—</u>	<u>—</u>	<u>71,239</u>	<u>71,239</u>
As at 31 March 2020						
Trade and other payables	—	515	—	—	515	515
Amount due to a related company	—	94	—	—	94	94
Bank borrowings — variable rate	2.94	12,000	—	—	12,000	12,000
Other liabilities	—	—	—	123	123	123
		<u>12,609</u>	<u>—</u>	<u>123</u>	<u>12,732</u>	<u>12,732</u>
Lease liabilities	4.00	<u>439</u>	<u>301</u>	<u>550</u>	<u>1,290</u>	<u>1,240</u>
As at 31 March 2021						
Trade and other payables	—	7,135	—	—	7,135	7,135
Amount due to a related company	—	93	—	—	93	93
Other liabilities	—	—	—	123	123	123
		<u>7,228</u>	<u>—</u>	<u>123</u>	<u>7,351</u>	<u>7,351</u>
Lease liabilities	3.62	<u>446</u>	<u>1,370</u>	<u>2,356</u>	<u>4,172</u>	<u>4,007</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 year to 3 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 August 2021						
Trade and other payables	—	12,942	—	—	12,942	12,942
Other liabilities	—	—	—	123	123	123
		<u>12,942</u>	<u>—</u>	<u>123</u>	<u>13,065</u>	<u>13,065</u>
Lease liabilities	3.53	<u>499</u>	<u>1,498</u>	<u>1,820</u>	<u>3,817</u>	<u>3,693</u>

Bank borrowings of the Group with a repayment on demand clause are included in the “repayable on demand or less than 3 months” time band in the above maturity analysis. As at 31 March 2019 and 2020, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK\$57,000,000 and HK\$12,000,000, respectively. Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that these bank borrowings will be repaid within 1 year after the end of the respective reporting period in accordance with the scheduled repayment dates set out in the loan agreements at the aggregate principal and interest cash outflows of HK\$57,142,000 and HK\$12,006,000 as at 31 March 2019 and 2020, respectively.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if actual changes in variable interest rates differ to those estimated at the end of each reporting period.

The Company

The Company’s financial liabilities are interest-free and repayable on demand. Accordingly, the contractual maturity of these liabilities on the basis of the earliest date on which the Company can be required to pay is less than one month and the undiscounted cash flows of such liabilities are approximately equal to their carrying amounts.

(c) Fair value measurements of financial instruments

The management of the Group considers that the carrying amounts of the financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the Historical Financial Information at the end of each reporting period approximate their fair values.

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

APPENDIX I

ACCOUNTANTS' REPORT

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Accrued finance cost <i>HK\$'000</i>	Bank borrowings <i>HK\$'000</i>	Accrued issue costs <i>HK\$'000</i>	Dividend payable <i>HK\$'000</i>	Amounts due to related parties/ companies <i>HK\$'000</i>	Amount due to a non- controlling shareholder of a subsidiary <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>
At 1 April 2018	—	—	582	—	1,733	—	—
Financing cash flows	(796)	57,000	(1,554)	(6,373)	(1,627)	—	—
<i>Non-cash changes</i>							
Finance costs accrued	822	—	—	—	—	—	—
Issue costs accrued	—	—	2,335	—	—	—	—
Dividend declared (<i>Note 12</i>)	—	—	—	8,000	—	—	—
Others (<i>note</i>)	—	—	—	(1,627)	—	7,198	—
At 31 March 2019	26	57,000	1,363	—	106	7,198	—
Application of HKFRS 16 (<i>Note 3</i>)	—	—	—	—	—	—	2,217
At 1 April 2019 (restated)	26	57,000	1,363	—	106	7,198	2,217
Financing cash flows	(2,010)	(45,000)	(7,375)	—	(12)	—	(1,751)
<i>Non-cash changes</i>							
Finance costs accrued	2,008	—	—	—	—	—	58
Issue costs accrued	—	—	6,012	—	—	—	—
Lease modifications	—	—	—	—	—	—	716
Others (<i>note</i>)	—	—	—	—	—	(7,198)	—
At 31 March 2020	24	12,000	—	—	94	—	1,240
Financing cash flows	(30)	(12,000)	—	(16,000)	(1)	—	(1,779)
<i>Non-cash changes</i>							
Finance costs accrued	6	—	—	—	—	—	124
Lease modifications	—	—	—	—	—	—	4,422
Dividend declared (<i>Note 12</i>)	—	—	—	16,000	—	—	—
At 31 March 2021	—	—	—	—	93	—	4,007
Financing cash flows	—	—	—	—	(93)	—	(803)
<i>Non-cash changes</i>							
Finance costs accrued	—	—	—	—	—	—	58
New lease entered	—	—	—	—	—	—	431
At 31 August 2021	—	—	—	—	—	—	3,693
At 1 April 2020	24	12,000	—	—	94	—	1,240
Financing cash flows (unaudited)	(30)	(12,000)	—	—	(8)	—	(738)
<i>Non-cash changes</i>							
Finance costs accrued (unaudited)	6	—	—	—	—	—	32
Lease modifications (unaudited)	—	—	—	—	—	—	4,422
At 31 August 2020 (unaudited)	—	—	—	—	86	—	4,956

APPENDIX I

ACCOUNTANTS’ REPORT

Note: Among the dividend declared by the Company’s subsidiaries amounted to HK\$8,000,000 during the year ended 31 March 2019, HK\$1,627,000 has been used to set off the amounts due from related companies. The remaining dividend of HK\$6,373,000 was settled by cash in July 2018.

During the year ended 31 March 2019, a non-controlling shareholder of a subsidiary has directly placed a deposit of HK\$7,200,000 on behalf of the Group to a third party for bidding a new service contract. In addition, the non-controlling shareholder has agreed to net off the capital contribution of HK\$2,000 with the deposit placed accordingly, amount due to a non-controlling shareholder of a subsidiary was HK\$7,198,000 as of 31 March 2019. During the year ended 31 March 2020, the deposit of HK\$7,200,000 was refunded directly to the non-controlling shareholder due to unsuccessful bidding and therefore the amount due to a non-controlling shareholder of a subsidiary was reduced by HK\$7,198,000 and amount due from a non-controlling shareholder of a subsidiary was increased by HK\$2,000.

32. INVESTMENTS IN SUBSIDIARIES/RESERVES OF THE COMPANY

The Company’s investments in unlisted subsidiaries are carried at cost.

Movements of the Company’s reserves during the Track Record Period are:

	Share premium <i>HK\$’000</i>	(Accumulated losses) retained earnings <i>HK\$’000</i>	Total <i>HK\$’000</i>
At 1 April 2018	—	—	—
Loss and total comprehensive expense for the year	—	(8,521)	(8,521)
Effect of Reorganisation	<u>34,744</u>	<u>—</u>	<u>34,744</u>
At 31 March 2019	34,744	(8,521)	26,223
Loss and total comprehensive expense for the year	—	(19,119)	(19,119)
Issue of new shares	62,000	—	62,000
Transaction costs attributable to issue of new shares	(9,940)	—	(9,940)
Capitalisation issue	<u>(6,000)</u>	<u>—</u>	<u>(6,000)</u>
At 31 March 2020	80,804	(27,640)	53,164
Profit and total comprehensive income for the year	—	47,079	47,079
Dividend (<i>Note 12</i>)	<u>—</u>	<u>(16,000)</u>	<u>(16,000)</u>
At 31 March 2021	80,804	3,439	84,243
Profit and total comprehensive income for the period	<u>—</u>	<u>8,455</u>	<u>8,455</u>
At 31 August 2021	<u><u>80,804</u></u>	<u><u>11,894</u></u>	<u><u>92,698</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

33. PARTICULARS OF SUBSIDIARIES

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital	Equity interest attributable to the Group					Principal activities
			at 31 March 2019	2020	2021	at 31 August 2021	at the date of this report	
Directly held by the Company								
IWS Security Management Holdings Limited	BVI 18 May 2018	HK\$2	100%	100%	100%	100%	100%	Investment holding
IWS Property Management Holdings Limited	BVI 18 May 2018	HK\$2	100%	100%	100%	100%	100%	Investment holding
IWS Cleaning Management Holdings Limited	BVI 18 May 2018	HK\$2	100%	100%	100%	100%	100%	Investment holding
IWS Carpark Management Holdings Limited	BVI 18 May 2018	HK\$2	100%	100%	100%	100%	100%	Investment holding
IWS Tunnel Management Holdings Limited	BVI 26 February 2020	United States Dollar 50,000	—	100%	100%	100%	100%	Investment holding
Indirectly held by the Company								
IWS Security	Hong Kong 18 April 1996	HK\$3,000,000	100%	100%	100%	100%	100%	Provision of general manned security services, event and crisis security services and manpower support services
IWS PM	Hong Kong 9 August 2016	HK\$10,000	100%	100%	100%	100%	100%	Provision of property management services and hotel management services
IWS Carpark	Hong Kong 30 December 2016	HK\$10,000	100%	100%	100%	100%	100%	Provision of car park management services and rental of car parks
IWS Cleaning	Hong Kong 4 November 2016	HK\$10,000	100%	100%	100%	100%	100%	Provision of cleaning services
IWS Carpark (JV 1) Limited	Hong Kong 8 March 2019	HK\$10,000	80%	80%	80%	80%	80%	Inactive
IWS Tunnel Management Limited	Hong Kong 5 March 2020	HK\$10,000	—	100%	100%	100%	100%	Inactive

None of the subsidiaries had issued any debt securities of the end of each reporting period. All subsidiaries operate in Hong Kong. There are no statutory audit requirements in the BVI. The statutory financial statements of the above subsidiaries incorporated in Hong Kong during the Track Record Period were prepared in accordance with HKFRSs issued by the HKICPA and audited by us.

APPENDIX I

ACCOUNTANTS’ REPORT

34. PERFORMANCE BONDS

Certain customers of service contracts undertaken by the Group require the Group to issue guarantees for contract works in the form of performance bonds issued by the banks. The performance bonds will be released when the service contracts are completed. At 31 March 2019, 2020 and 2021 and 31 August 2021, the outstanding performance bonds are amounted to HK\$18,207,000, HK\$29,373,000, HK\$29,373,000 and HK\$30,067,000, respectively.

35. SHARE OPTION SCHEME

The share option scheme of the Company (the “Share Option Scheme”) was adopted by the Company by a written shareholder’s resolution of the Company passed on 20 September 2019.

A summary of the principal terms of the Share Option Scheme is set out as follows:

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group.

The Board may, at its absolute discretion and on such terms as it may think fit, grant options to any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive directors) from time to time on the basis of his/her contribution or potential contribution to the development and growth of the Group.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing prices of the shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option. An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00. The total number of shares available for issue under the Share Option Scheme is [REDACTED] shares representing 10% of the Company’s issued share capital at the date of the report.

The total number of shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue. Any further grant of options in excess of such limit must be separately approved by shareholders of the Company in general meeting with such grantee and his/her close associates abstaining from voting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. The Share Option Scheme will remain in force for a period of ten years commencing on 20 September 2019 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders in general meeting.

No share options have been granted since the adoption of the Share Option Scheme.

APPENDIX I

ACCOUNTANTS’ REPORT

36. EVENTS AFTER THE REPORTING PERIOD

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37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 August 2021.